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NO #2545-75

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

DDI-3149-75

National Intelligence Officers

3 December 1975

MEMORANDUM FOR:

[REDACTED]
Deputy Director for Intelligence, DIA

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ATTENTION :

[REDACTED]

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SUBJECT : CIA Support for NUWEP

1. I have carefully considered your request of 4 November 1975 for CIA help in studying "Third Country Post-Attack Assistance" in support of NSDM 242. I have reviewed the earlier DIA requests of 20 November 1974 and 4 March 1974 on the same subject and have familiarized myself in a general way with the target analysis context to which these requests relate. I have also discussed the subject with the DDI and with the Director and key staff members of OER. As a result of this review I have reluctantly concluded that (a) a useful CIA contribution to the study you propose is not feasible given established priorities and (b) a major, long-term study of the sort proposed does not seem warranted, given the irreducible uncertainties of the subject area and the high probability that such a study would not yield reliable and significant results for target analysis.

2. As regards a CIA contribution, the kinds of talent required for the proposed study are now in very short supply within CIA. The relatively small number of OER and OSR analysts with experience in Soviet and PRC economics who would be able to contribute to or undertake such a study are more than fully engaged on higher priority tasks. Prominently among these is a study effort for OSD, the urgency of which was reaffirmed to me personally by the SECDEF only a few weeks ago. Diverting these resources, therefore, would be unwise, to say the least. Nor would the resource constraint be eased if the work were to be done through an external research contract. In CIA's experience as well as my own, the proper guidance and monitoring of external research requires just about as much time and talent as an in-house study.

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2.

3. As regards the likely cost-effectiveness of the study proposed, it seems to me extremely low. The findings are clearly going to be highly dependent on both the attack scenario and the post-attack political environment. A major effort to delineate the whole spectrum of plausible scenarios and environments would more likely lead to an almost infinite number of variations than to a clarification of issues. Selecting a few of these variations for intensive study would require a very large number of detailed assumptions about such imponderables as the precise nature of the destruction inflicted, its effects upon the functioning of the economy, the USSR's (PRC's) post-attack recovery strategy. Thus vast areas of uncertainty would be resolved purely by assumption. It is difficult to see how the results of such a study could make a significant contribution to target analysis. In short, it is not clear that the question of post-attack assistance is in fact researchable at the level of detail necessary to permit refinement of the target selection task. Moreover, it does not seem to me that a good prima facie case has even been made that third country assistance should be expected to make a real difference to that task.

4. It might be useful, therefore, for DIA to explore that question first: "Under what circumstances and by what means could the USSR (the PRC) mobilize and extract significant resources from third-countries in support of its own post-attack recovery?" I believe that even a cursory look at that question would reveal rather negative prospects. Peaceful trade would surely yield very little, since imports, for either country, represent at best only 3-4 percent of GNP; ability to pay (i.e., to earn foreign exchange) would be severely impaired; gold reserves could pay for, at most, one year's imports at present modest levels; and capacity to attract long-term credits would be minimal. Extraction of resources through coercive means (threats or conquest, yielding tribute, booty, or forced "reparations") would be constrained by readily imaginable political considerations -- limited leverage, precarious political control over hostile subject populations, etc.

5. The issues are, of course, immensely complex, but a small think-piece on the subject would reveal some of these complexities, could prove highly informative, and might, indeed, obviate the necessity for a larger study. I believe that a brief exploratory paper prepared by DIA along these lines would be helpful in clarifying the issues. 25X1


Hans Heymann, Jr. *U*
National Intelligence Officer
for Economics

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